

# SMALL BUSINESS LOAN FUND CORPORATION

## MINUTES OF THE BOARD OF DIRECTORS

June 27, 2013

### **PUBLIC SESSION**

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on Thursday, June 27, 2013, scheduled for 9:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. John Pagliarini, Mr. Richard DeMerchant and Ms. Yahaira Placencia

The following Director was absent: Mr. Raymond Fogarty and Mr. Jose Monteiro.

Also present were: Stacy Farrell, Corporation Secretary, Sean Esten, Corporation Administrator, Daniel Price, Corporation Administrator, and Tom Moses, Esq., Moses Afonso Ryan Ltd.

Mr. DeMerchant presided over the meeting.

#### **1. Call to Order.**

Mr. DeMerchant called the meeting to order at 9:31 a.m.

#### **2. Approval of the Minutes of the Meeting held on May 30, 2013**

The first item to come before the Board was approval of the Minutes of the Board meeting held on May 30, 2013. Upon motion duly made by Ms. Placencia and seconded by Mr. Pagliarini, the motion to approve the Public and Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty and Mr. Monteiro

#### **3. Maintain the Executive Minutes of the May 30, 2013 meeting as Confidential**

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on May 30, 2013. Upon motion duly made by Ms. Placencia and seconded by Mr. Pagliarini, the motion to maintain

the confidentiality of the Executive Session Minutes of the above noted meeting as presented was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty and Mr. Monteiro

**4. Report of Cash Position as of May 31, 2013.**

Staff asked if there were any questions or comments regarding the Cash Report for the period ended May 31, 2013 (Exhibit A). Mr. Esten noted that recent efforts were being made to reach out to individual companies and interest in the program has recently increased. The Board discussed the possible sequestration of funds by EDA due to lack of activity in the program. There was no further discussion regarding this report.

**5. Delinquency Loan Report as of June 17, 2013**

Mr. Esten asked if there were any questions regarding the Loan Delinquency report dated June 17, 2013 (Exhibit B). There being none, Mr. Esten noted that further discussion would take place in Executive Session regarding any legal action to be taken against delinquent Borrowers.

**6. Review of US Economic Development administration (“EDA”) Report**

Mr. Esten provided the Board with a copy of the EDA report (Exhibit C) which he explained was required to be submitted by the Corporation every six months. He noted that the most recent report was for the period ended March 31, 2013. He indicated that page three (3) of the report identified the amount of funds from the program that were subject to sequestration. At the time the report was submitted that amount was approximately \$2.5 million. He noted that 85% of the fund was required to be lent out at all times. Mr. Esten stated that the funds would be moved to an interest bearing account and the interest was required to be sent to EDA. There was some question as to how the money could be accessed if deals were approved and it was noted that EDA would need to approve any advances from the account. There was no further discussion regarding this report.

**7. Other Business**

There was discussion regarding the possible addition to the SBLFC Board of two new members. It was noted that this would require appointment by the full EDC Board and that the SBLFC Bard would need to vote to amend its bylaws sometime in the near future.

## **Executive Session**

Mr. DeMerchant suggested that the Board move into executive session. Upon motion duly made by Mr. Pagliarini and seconded by Ms. Placencia, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty and Mr. Monteiro.

Public Session concluded and Executive Session began at 9:51 a.m.

### **8. Executive Session Vote Ratification**

Mr. DeMerchant called for ratification of the votes adopted during Executive Session. Upon motion duly made by Mr. Pagliarini and seconded by Ms. Placencia, the following votes were ratified:

- (a) To approve the request from S&M Distribution for a \$150,000 loan, subject to the conditions as outlined in Executive Session.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty and Mr. Monteiro.

- (b) To approve the request from Meridian Ocean Services for a \$250,000 loan subject to the conditions as outlined in Executive Session.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty and Mr. Monteiro.

- (c) To approve the request for an interest rate reduction for National Marker Company and Providence Pike Realty to the current program rate of 5.75%.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty and Mr. Monteiro.

(a) To confirm the loan denials of the following companies:

- Sarcastic Sweets - \$10,500
- Diversified Distribution- \$250,000

## **9. Adjournment**

There being no further business to come before the Board, Mr. DeMerchant called for a vote to adjourn the meeting. Upon motion duly made by Ms. Placencia and seconded by Mr. Pagliarini, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Pagliarini and Ms. Placencia.

The following Directors voted against the foregoing: None

The following Director was absent for the vote: Mr. Fogarty and Mr. Monteiro

The meeting was adjourned at 11:04 a.m.

Respectfully submitted,

/s/ Stacy Farrell

Stacy Farrell, Corporation Secretary